ENGLISH TRANSLATION

SCCC 24/2024

31 July 2024

Subject: Management discussion and analysis of the Quarter 2/2024

Attention: Managing Director,
The Stock Exchange of Thailand

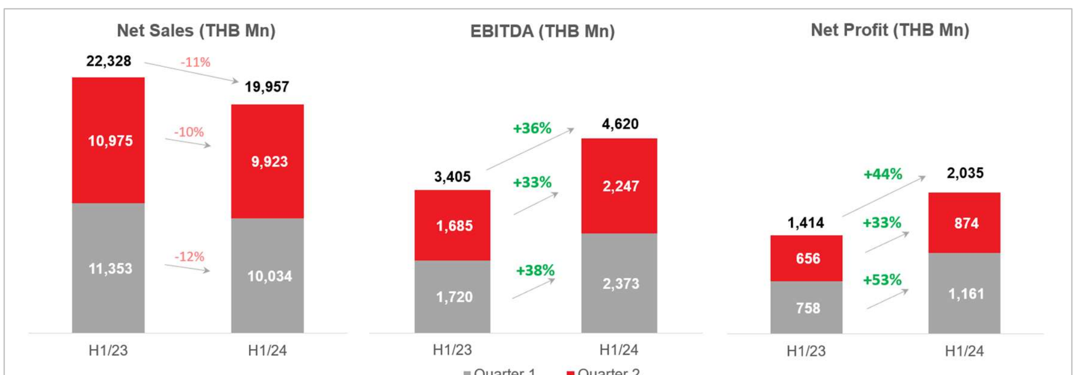
Attachment: A copy of the interim financial statements of SCCC for the three-month and six-month periods ended 30 June 2024

We hereby submit to you the separate financial statements and consolidated financial statements of Siam City Cement Public Company Limited (SCCC) and its subsidiaries for the three-month and six-month periods ended 30 June 2024 compared to the same period of 2023 with a summary of our operating result as mentioned below:

Key Highlights

Strong H1/2024 EBITDA (+36%) and Net Profit (+44%), driven by lower energy costs, higher Operational Efficiencies, lower fixed costs from restructuring efforts and higher cement sales in Vietnam and Sri Lanka.

- The Thai market benefited from the ongoing restructuring activities started in 2023, operational efficiencies, increased TSR and reduced fuel, and electricity costs.
- Vietnam and Sri Lanka displayed promising signs of recovery in demand and continued lower operating costs.
- Our flagship project FIT+ (People, Profit, Planet), implemented across all businesses/ countries since Q1 2024, starts to deliver improvements all around.
- We remain firm on our strong commitment to ESG, 89% of our cement sales as of H1/2024 contributed from low carbon cement (hydraulic/green cement) with our ambition to achieve 100%. Investments in solar power plants in Thailand and Sri Lanka are on track.



	2023			2024		
	Q1/23	Q2/23	H1/23	Q1/24	Q2/24	H1/24
EBITDA Margin	15.2%	15.4%	15.2%	23.6%	22.6%	23.1%
EPS (THB/Share)	2.55	2.20	4.75	3.90	2.93	6.83

Remark: Excluding one-off expenses and FX gain/loss, normalized Q1/24 and Q2/24 net profit was THB 1,049 Mn and THB 951 Mn, respectively.

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- Thailand's cement segment EBITDA increased by 19% YoY, supported by overall cost improvement. Coal cost reduction, benefits from last year's restructuring, and improved operational efficiency and TSR minimized the adverse impacts from delayed government budget disbursements and less purchasing power to the dip of EBITDA at 14% QoQ, showcasing the company's resilience and strategic adaptability.

  To support the topline and ESG ambition, Thailand implemented new low carbon cements, named Blue/Green Globe Cement and INSEE Petch Ngarn Thang Luang, which are well accepted in the market. At H1/2024, 80% of total cement sold by Thailand is low carbon cements, increased from 59% in 2020.

- Vietnam: EBITDA YoY and QoQ surged by 67% and 110%, respectively. This growth is propelled by a significant increase in demand, driven by substantial public investment in large-scale infrastructure projects and a well-executed channel and market penetration strategy. The outlook for economic growth remains solid and promising. 100% of its cement sold is low carbon cement since 2020.

- The Sri Lankan economy is displaying promising signs of recovery in demand, boosting sales volume and resulting in a notable 172% increase in YoY EBITDA, overcoming last year's loss. Adverse weather conditions, extended holidays, planned kiln SD and intensified competition lead to a relatively lower EBITDA in Q2. The impact has been partially mitigated by lower overall costs. At H1/2024, 100% of total cement sold is low carbon cement, increased from 83% in 2020.

- The Group's EBITDA increased by 33% YoY due to successful cost reduction programs and overall cost improvements, especially in coal costs, leading to a 33% higher net profits. However, there was a 5% QoQ dip in EBITDA, primarily due to a seasonal slowdown in Thailand during the long Songkran holidays, adverse weather conditions in Sri Lanka, and planned kiln shutdowns in both Thailand and Sri Lanka.

- The Group has successfully implemented "Project Fit+", which has been rolled out across all business units to improve topline and operational efficiencies.

- To support the group's ESG ambition, a new subsidiary, "INSEE B. Grimm Solar Company Limited", a jointed investment with B. Grimm Group, was established in Q2/2024, and the company is in the process of commercially running the renewable solar energy 83 MW for Thailand captive use in Q3/2025. The renewable solar project in Sri Lanka for captive use will start in Q3, with the expected commercial run in 2025. In H1/2024, the Group's conversion rate to low-carbon cements reached 89% (from 73% in 2020) with TSR at 27.5% (from 21.2% in 2023).

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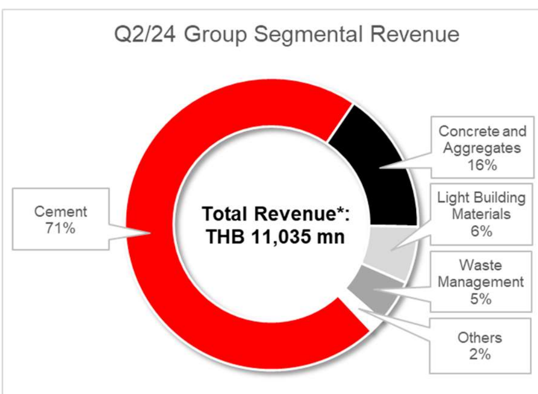
Overview of Q2/24 Performance

The Group's YoY EBITDA growth of 33% was primarily attributed to improve economic stability in Sri Lanka and Vietnam, combined with reduced overall Group costs, especially coal costs, and enhanced operational efficiencies. This growth overcame the softer net sales YoY, highlighting the Group's resilience. QoQ, net sales and EBITDA decreased slightly by 1% and 5%, respectively, as a result of persistent pressure on overall selling prices and kiln shutdown in Thailand and Sri Lanka. This was partially offset by a commendable increase in sales volume in Vietnam, which led to a significant rebound in Vietnam's business performance.

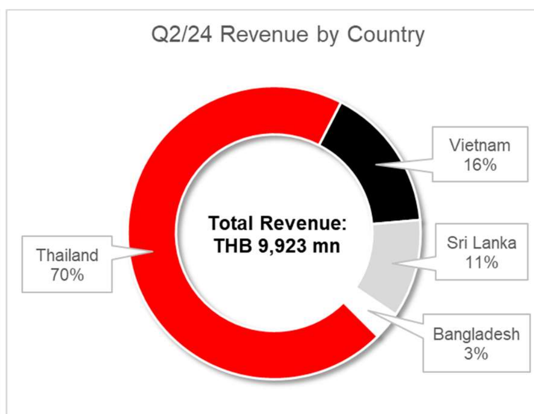
In Q2/24, SCCC achieved a net profit of THB 874 million, marking a 33% YoY increase, primarily driven by improved EBITDA. Compared to the previous quarter (QoQ), net profit decreased by 25%, attributed to reduced EBITDA and exchange rate losses, notably in Bangladesh and Sri Lanka. The like-for-like QoQ net profit decrease was 9% when excluding one-off expenses and exchange rate impacts.

Income from associated companies improved slightly QoQ, bolstered by higher sales volumes and enhanced profitability. Similarly, income from joint ventures rose, driven by better cost management and operational efficiency.

SCCC Group performance for Q2/24



*Total revenue is presented before intersegment elimination



SCCC's revenue is predominantly driven by cement and ready-mix concrete sales, making up 87% of the total sales in Q2/24. Throughout this period, a significant portion of the Group's revenue was derived from Thailand, contributing 70% to the overall revenue.

Segmental performance

Cement - Total

Cement (THB Mn)	QTD (3 Months) Q1/24	Q2/24	%QoQ	Q2/23	%YoY	YTD (6 Months) 6M/24	6M/23	%YoY
Net Sales	7,932	7,885	-0.6%	8,437	-6.5%	15,817	17,564	-9.9%
EBITDA	1,902	1,759	-7.5%	1,210	45.4%	3,661	2,506	46.1%
EBITDA margin	24.0%	22.3%	-7.0%	14.3%	55.5%	23.1%	17.2%	34.6%

Remark: Net sales and EBITDA by segment are presented before intersegment elimination

Overall performance significantly improved compared to last year, highlighted by a substantial 45% increase in EBITDA.

Thailand Domestic Cement Market: The significant reduction in overall costs resulting from the restructuring program implemented in 2023, decreased fuel and electricity expenses, improved operational efficiencies in manufacturing, and improved TSR of 22.7% (from 15.8% in June 2023) and clinker factor of 75.0% (from 77.0% in June 2023), resulting in a notable 19% YoY increase in EBITDA performance. On a QoQ basis, the Thai domestic cement market faced challenges. The delayed implementation of the government budget, approved in late April 2024, has yet to be fully allocated to large infrastructure projects. This, coupled with soft retail market demand, persistent low purchasing power due to high household debt, and competitive pricing pressures to gain market share, led to a 4% decrease in QoQ net sales. Additionally, increased maintenance expenses, particularly from the planned kiln shutdowns, contributed to the seasonal variation in QoQ EBITDA. This quarter, we launched several new low-carbon cement products, INSEE Petch Ngarn Thang Luang, which features the lowest clinker factor in the market for road applications, as well as Blue Globe Cement and Green Globe Cement. Additionally, we have partnered with Pruksa Holding to use our low-carbon cement and concrete product, INSEE Petch Easy Flow, in Pruksa's low-rise projects. These innovations have reduced our clinker factor and advanced our sustainability ambitions.

Southern Vietnam: YoY EBITDA increased significantly by 67%, driven by gradual market recovery, cost-saving measures, reduced fuel costs, and improved TSR of 43.7% (from 34.2% in June 2023) and clinker factor of 56.1% (from 57.0% in June 2023). QoQ net sales rose by 52%, fueled by higher sales volumes from increased infrastructure projects, and a successfully executed market channel penetration strategy. This rise occurred despite a slight decrease in selling prices due to intense competition. Consequently, QoQ EBITDA surged by 110%, benefiting from enhanced operational efficiencies, including an improved thermal substitution rate, more effective energy usage in production, and lower maintenance costs.

Our commitment to ESG initiatives has been strengthened through improvements in TSR and clinker factor, and we have been selling low carbon cement exclusively in Vietnam since 2020, reinforcing our commitment to sustainability.

Sri Lanka: The better economic landscape and substantial fixed cost savings enabled EBITDA to soar by 172% YoY, marking a remarkable turnaround from last year's loss despite a modest 1% increase in net sales. QoQ net sales and EBITDA declined due to temporarily reduced sales volumes influenced by unusually heavy monsoon rainfall in May, the Sinhalese and Tamil New Year holidays, and intensified market competition. Additionally, QoQ selling prices faced pressure from intense competition, and maintenance costs were higher due to a strategically planned kiln shutdown during a low-demand period. However, this was partially mitigated by reduced production and distribution costs, lower power tariffs, and optimized manufacturing and raw material expenses. At the net income level, we faced challenges from foreign exchange rate fluctuations from imports. This period underscores our commitment to navigating market dynamics effectively while continuing to enhance operational efficiencies and cost management strategies. On ESG, Sri Lanka achieved 100% of low carbon cement sold in H1/2024 and starting a renewable solar project for captive use with expected commercial run in 2025.

Bangladesh: Net sales declined by 24% QoQ, attributed to temporary factors such as the Eid holidays, unusual weather conditions, including rains and floods in key markets, and lower production uptime due to grid power issues. However, the company successfully lowered clinker and raw material prices and reduced distribution expenses by utilizing our own fleet for bulk transportation. Despite these efforts, EBITDA saw a 43% QoQ and a 39% YoY decrease. Moreover, the new monetary policy announced in May resulted in a loss on exchange from material imports at the net income level. Moving forward, we are confident in our ability to manage these challenges and capitalize on our strategic initiatives to drive growth and profitability. However, the improved clinker factor of 62.0%, down from 62.8% in June 2023, partially helped the overall performance. Over 95% of sales are low carbon cement since 2020, and in the first half of 2024, this has increased to almost 100%.

Cambodia: EBITDA grew impressively by 75% QoQ on the back of enhanced operational efficiency. Key factors included a higher TSR of 30.5% (from 19.4% in June 2023), a reduced clinker factor of 76.8% (from 77.9% in June 2023), and lower production and logistic costs, which effectively mitigated the impact of seasonality.
Meanwhile, our sales have been comprised entirely of low-carbon cement since 2023, significantly bolstering our ESG efforts. This transition has contributed to our sustainability goals and operational excellence.

Concrete and Aggregates

Concrete and Aggregates (THB Mn)	QTD (3 Months) Q1/24	Q2/24	%QoQ	Q2/23	%YoY	YTD (6 Months) 6M/24	6M/23	%YoY
Net Sales	1,831	1,742	-4.9%	1,902	-8.4%	3,573	3,882	-8.0%
EBITDA	142	154	8.5%	104	48.1%	296	191	55.0%
EBITDA margin	7.8%	8.8%	14.0%	5.5%	61.7%	8.3%	5.2%	59.3%

Remark: Net sales and EBITDA by segment are presented before intersegment elimination

Concrete and Aggregates: The industrial segment in the Eastern Seaboard, bolstered by Chinese investments, significantly contributed to our performance. YoY EBITDA increased by 48%, driven by higher average selling prices and overall cost reductions, reflecting our efficient cost management strategies. Moreover, QoQ EBITDA improved by 9% from reduced material costs and lower diesel prices, despite a slight 5% decline in net sales due to slowed construction activities during the Songkran holiday.

Waste Management and Industrial Services

Waste management and industrial services (THB Mn)	QTD (3 Months) Q1/24	Q2/24	%QoQ	Q2/23	%YoY	YTD (6 Months) 6M/24	6M/23	%YoY
Net Sales	489	538	10.0%	402	33.8%	1,027	774	32.7%
EBITDA	124	162	30.6%	157	3.2%	286	457	-37.4%
EBITDA margin	25.4%	30.1%	18.7%	39.1%	-22.9%	27.8%	91.6%	-69.6%

Remark: Net sales and EBITDA by segment are presented before intersegment elimination

Waste Management and Industrial Services: Net sales surged by 10% QoQ and 34% YoY, driven by an increase in both volume and pricing of our waste management services, combined with the successful execution of new projects in industrial services. Accordingly, our EBITDA recorded an impressive growth of 31% QoQ and 3% YoY.

Light Building Materials

Light Building Materials (THB Mn)	QTD (3 Months)					YTD (6 Months)		
	Q1/24	Q2/24	%QoQ	Q2/23	%YoY	6M/24	6M/23	%YoY
Net Sales	754	694	-8.0%	776	-10.6%	1,448	1,625	-10.9%
EBITDA	135	120	-11.1%	93	29.0%	255	174	46.6%
EBITDA margin	17.9%	17.3%	-3.4%	12.0%	44.3%	17.6%	10.8%	63.1%

Remark: Net sales and EBITDA by segment are presented before intersegment elimination

Light Building Materials: This segment made significant progress in cost management and yield improvement compared to last year. Reducing production and raw material costs showcases our commitment to efficiency, reflected in a 29% YoY EBITDA improvement. While these cost savings did not fully offset the drop in net sales immediately, they have laid a strong foundation for future growth.

Compared to the last quarter, there was a slowdown in sales volume and lower average selling prices due to weakened domestic demand in the housing sector, particularly in the high price conscious provincial areas. Factors such as high household debt, high loan rejection rates and flooding impacted construction activities, while traditional holidays in April, like Songkran in Thailand and Eid al-Fitr in Indonesia, also contributed to the situation, resulting in an 8% QoQ decline in net sales. As market conditions stabilize, we are well-positioned to leverage these efficiencies and seize new growth opportunities.

Others

Others (THB Mn)	QTD (3 Months)					YTD (6 Months)		
	Q1/24	Q2/24	%QoQ	Q2/23	%YoY	6M/24	6M/23	%YoY
Net Sales	227	176	-22.5%	1,929	-90.9%	403	4,318	-90.7%
EBITDA	78	62	-20.5%	147	-57.8%	140	265	-47.2%
EBITDA margin	34.4%	35.2%	2.5%	7.6%	362.3%	34.7%	6.1%	466.1%

Remark: Net sales and EBITDA by segment are presented before intersegment eliminationp

Others: EBITDA, which includes IT Services and Trading, decreased by 21% QoQ and 58% YoY. This decline is primarily attributed to lower net sales and increased costs in the IT Services sector.

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Outlook

We are cautiously optimistic about the outlook in each country where we operate. The Thailand construction market remains positive, with an anticipated acceleration in demand for construction materials in the second half of 2024 due to the recently released government budget. The cement market remains resilient despite persistent challenges from intense competition, high household debt, loan rejection rates, and seasonal impacts of La Niña.

In Vietnam, the overall market shows a positive trend, with rapid recovery expected in bulk cement demand, fueled by significant government infrastructure projects like Long Thanh Airport, expressways in the Central and Southern regions, and the deployment of 1 million low-cost social houses.

Sri Lanka is witnessing a recovery in demand alongside many positive macroeconomic indicators supported by IMF actions. The IMF has implemented a series of financial aid packages and policy reforms to stabilize the country's economy. As a result of these initiatives, investor confidence has increased, leading to greater liquidity in the market and a more favourable business environment. This is expected to increase sales volume in retail and industrial segments in the latter half of 2024 amid price pressures from the competition. We are cautiously monitoring potential impacts from El Niño and political disturbances related to the upcoming election.

Our company is committed to implementing the Fit+ project and continuous restructuring, focusing on creating leaner organizations. We are unwavering in our efforts to reduce structural costs, enhance operational efficiencies, increase our profitable market share, and expand the use of waste materials as alternative fuel to maintain our competitive edge.

We remain dedicated to our Environmental, Social, and Governance (ESG) goals, particularly in reducing CO_2 emissions. This quarter, we established a subsidiary company through a joint investment with B.Grimm Group to commercially support renewable solar energy in Thailand, initiated a solar project in Sri Lanka, and launched two new low-carbon products in Thailand. Our efforts in converting Portland cement to low-carbon cement have increased the Group's conversion rate to 89% from 81% in 2023. Additionally, our Thermal Substitution Rate (TSR) has risen significantly to 27.5% compared to 21.2% in 2023 and 16.4% in 2022. We have also successfully lowered the clinker factor to 70.7%, down from 72.6% in 2023. These initiatives underscore our dedication to sustainability and our proactive approach to addressing climate change.

Yours sincerely,
On behalf of Siam City Cement Public Company Limited

Mr. Ranjan Sachdeva

Group Chief Executive Officer and Group Chief Financial Officer

Key financial information

in THB million	Jun-24	% of total assets	Dec-23	% of total assets	% Change	Jun-23	% of total assets
Statements of financial position							
Current assets	12,026	17.8	15,184	21.8	-20.8	14,512	19.9
Non-current assets	55,610	82.2	54,515	78.2	2.0	58,406	80.1
Total assets	**67,636**	**100.0**	**69,699**	**100.0**	**-3.0**	**72,918**	**100.0**
Current liabilities	12,482	18.5	16,177	23.2	-22.8	18,350	25.2
Non-current liabilities	19,898	29.4	19,674	28.2	1.1	19,975	27.4
Total liabilities	**32,380**	**47.9**	**35,851**	**51.4**	**-9.7**	**38,325**	**52.6**
Equity attributable to owners of the Company	34,245	50.6	32,981	47.3	3.8	33,502	45.9
Non-controlling interests of the subsidiaries	1,011	1.5	867	1.3	16.6	1,091	1.5
Total shareholders' equity	**35,256**	**52.1**	**33,848**	**48.6**	**4.2**	**34,593**	**47.4**
Debt profile							
Short-term loans	3,219	4.8	7,674	11.0	-58.1	10,549	14.5
Long-term loans	14,569	21.5	14,509	20.8	0.4	14,547	19.9
Total loans	**17,788**	**26.3**	**22,183**	**31.8**	**-19.8**	**25,096**	**34.4**
Cash & cash equivalents	3,023	4.5	6,027	8.6	-49.8	2,604	3.6
Total net debt	**14,765**	**21.8**	**16,156**	**23.2**	**-8.6**	**22,492**	**30.8**
Key ratio							
RONOA (%)	12.8		8.1			3.9	
ROE (%)	9.8		8.1			3.3	
Total net debt/EBITDA (times)	1.67		2.12			3.49	
Total net debt/shareholders' equity (times)	0.42		0.48			0.65	

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